
**Audited Financial Statements
State Fair of Louisiana
Years Ended December 31, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 14 2011

State Fair of Louisiana

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Independent Auditor's Report

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

I have audited the accompanying statements of financial position of State Fair of Louisiana for the year ended December 31, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fair's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State Fair of Louisiana as of December 31, 2010 and 2009, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated April 27, 2011 on my consideration of State Fair of Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of my audits.

Certified Public Accountant

Tamara J. McWhorter, CPA, LLC

Shreveport, Louisiana
April 27, 2011



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**Independent Auditor's Report on Compliance
and on Internal Control Over Financial Reporting
Based on An Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

The Executive Committee
State Fair of Louisiana
Shreveport, Louisiana

I have audited the basic financial statements of the State Fair of Louisiana as of and for the years ended December 31, 2010 and 2009, and have issued my report thereon dated April 27, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Fair's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fair's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fair's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, awarding agencies, and the Louisiana State Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Certified Public Accountant

James K. McWhorter, CPA LLC

Shreveport, Louisiana
April 27, 2011

<i>December 31,</i>	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Assets						
Current assets:						
Cash (Notes 1 and 8)	\$ 1,064,304	\$ -	\$ 1,064,304	\$ 948,398	\$ -	\$ 948,398
Short-term investments (Notes 5 and 8)	404,658	-	404,658	408,456	-	408,456
Accounts receivable, net	54,741	-	54,741	58,615	-	58,615
Prepaid expenses	43,327	-	43,327	39,662	-	39,662
Total current assets	1,567,030	-	1,567,030	1,455,131	-	1,455,131
Property and equipment, net (Note 2)	2,124,328	-	2,124,328	2,166,415	-	2,166,415
Reserve fund investments (Notes 4, 5, and 8)	-	700,000	700,000	-	700,000	700,000
Other assets	971	-	971	4,861	-	4,861
	\$ 3,692,329	\$ 700,000	\$ 4,392,329	\$3,626,407	\$700,000	\$4,326,407

State Fair of Louisiana
Statements of Financial Position

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	\$ 173,455	\$ -	\$ 173,455	\$ 221,548	\$ -	\$ 221,548
Deferred income	65,093	-	65,093	44,692	-	44,692
Total current liabilities	238,548	-	238,548	266,240	-	266,240
Accrued pension liability (Note 3)	163,000	-	163,000	164,000	-	164,000
Total liabilities	401,548	-	401,548	430,240	-	430,240
Commitments and contingencies (Note 6)						
Net Assets:						
Unrestricted	3,290,781	-	3,290,781	3,196,167	-	3,196,167
Temporarily restricted (Note 4)	-	700,000	700,000	-	700,000	700,000
Total net assets	3,290,781	700,000	3,990,781	3,196,167	700,000	3,896,167
	\$ 3,692,329	\$ 700,000	\$ 4,392,329	\$3,626,407	\$700,000	\$4,326,407

State Fair of Louisiana Statements of Activities

<i>Years Ended December 31,</i>	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Fair	\$ 2,232,140	\$ -	\$ 2,232,140	\$ 2,148,769	\$ -	\$ 2,148,769
Off-season	1,298,906	-	1,298,906	844,333	-	844,333
Investment income	28,563	-	28,563	31,860	-	31,860
Other	3,425	-	3,425	1,360	-	1,360
Total revenue	3,563,034	-	3,563,034	3,026,322	-	3,026,322
Expenses:						
Fair	1,630,868	-	1,630,868	1,599,762	-	1,599,762
Off-season	1,588,528	-	1,588,528	1,398,469	-	1,398,469
Depreciation and amortization	244,024	-	244,024	212,464	-	212,464
Total expenses	3,463,420	-	3,463,420	3,210,695	-	3,210,695
Increase (decrease) in net assets from operating activities	99,614	-	99,614	(184,373)	-	(184,373)
(Decrease) increase in accumulated other comprehensive income	(5,000)	-	(5,000)	76,000	-	76,000
Increase (decrease) in net assets	94,614	-	94,614	(108,373)	-	(108,373)
Net assets, beginning of year	3,196,167	700,000	3,896,167	3,304,540	700,000	4,004,540
Net assets, end of year	\$ 3,290,781	\$700,000	\$ 3,990,781	\$ 3,196,167	\$700,000	\$ 3,896,167

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana Statements of Cash Flows

<i>Years Ended December 31.</i>	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Cash Flows From						
Operating Activities						
Increase (decrease) in net assets	\$ 99,614	\$ -	\$ 99,614	\$ (184,373)	\$ -	\$ (184,373)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:						
Depreciation and amortization	244,024	-	244,024	212,464	-	212,464
Unrealized loss on investments	-	-	-	3,883	-	3,883
Noncash change in pension liability	(6,000)	-	(6,000)	(20,000)	-	(20,000)
Change in operating assets and liabilities						
Accounts receivable	3,874	-	3,874	153,456	-	153,456
Prepaid expenses and other	(3,665)	-	(3,665)	13,820	-	13,820
Accounts payable and accrued expenses	(48,093)	-	(48,093)	-	-	-
Deferred income	20,401	-	20,401	(9,191)	-	(9,191)
Net cash provided by operating activities	310,155	-	310,155	170,059	-	170,059
Cash Flows from						
Investing Activities						
Expenditures for buildings, equipment, and improvements	(198,047)	-	(198,047)	(382,060)	-	(382,060)
Proceeds from redemption of investments	203,798	200,000	403,798	400,575	700,000	1,100,575
Purchase of investments	(200,000)	(200,000)	(400,000)	(408,456)	(700,000)	(1,108,456)
Net cash (used) by investing activities	(194,249)	-	(194,249)	(389,941)	-	(389,941)
Net increase (decrease) in cash	115,906	-	115,906	(219,882)	-	(219,882)
Cash, beginning of year	948,398	-	948,398	1,162,617	-	1,162,617
Cash, end of year	\$ 1,064,304	\$ -	\$ 1,064,304	\$ 942,735	\$ -	\$ 942,735

See accompanying summary of accounting policies and notes to financial statements.

State Fair of Louisiana

Summary of Significant Accounting Policies

Business

The State Fair of Louisiana (the Fair) is a nonprofit corporation organized under the laws of the State of Louisiana on a nonstock basis having one class of member. The objects and purposes for which this nonprofit corporation is formed and exists are declared to be the maintenance in the Parish of Caddo, State of Louisiana, of public fairs, expositions and exhibitions of stock and farm products, and for the encouragement of agricultural and horticultural pursuits, and in all ways to promote the various industries of the State of Louisiana and the welfare of its citizens.

Substantially all of the Fair's revenue is from the sale of admissions to Fair sponsored events and exhibitions as well as the rental of its buildings for events promoted by others. Accordingly, the Fair is heavily dependent on the local community and the health of the local economy in which it operates.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management include the depreciable life of assets and the pension liability.

Property and Equipment

Buildings and equipment are carried at cost and depreciated over their estimates useful lives on the straight-line method. Major additions are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

Reserve Fund

As provided by contract with the City of Shreveport, one-half of the net earnings of the State Fair of Louisiana shall be set aside permanently in a Reserve Fund. This allocation is to continue until the Reserve Fund shall equal \$700,000. Any sums transferred, which raise the balance above this amount, shall be used for property improvements.

State Fair of Louisiana
Summary of Significant Accounting Policies
(Concluded)

Revenue Recognition

Unrestricted contributions and grants are recognized as revenue in the period in which the donation is received or the grant is due and payable to the Fair.

The Fair reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The net change in assets of other funds are reported as offsetting revenue (expense) solely to simplify financial statement presentation. Restricted donations on which the restriction expires in the same period as the revenue is recognized are reported as unrestricted revenues.

Allowance for Doubtful Accounts

The Fair records an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. The Fair has a limited number of customers with individually large amounts due at any given balance sheet date. Any unanticipated change in one of those customers' credit worthiness or other matters affecting collectability of amounts due from such customers could have a material effect on the Fair's results of operations in the period in which such changes or events occur. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At December 31, 2010 and 2009, the allowance for bad debts totaled \$6,548 and \$ - 0 -, respectively.

Income Taxes

The State Fair of Louisiana is exempt from federal income tax under provisions of Section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from state income tax under the appropriate provisions in the laws of the State of Louisiana.

Statements of Cash Flows

For purposes of the statements of cash flows, the Fair considers all cash in bank accounts and highly liquid debt instruments, not associated with the Reserve Fund, with an original or remaining maturity of three months or less, to be cash equivalents. Highly liquid debt instruments with remaining lives in excess of three months are classified as short-term investments.

Advertising

The Fair expenses advertising as it is incurred. The Fair expended \$222,813 and \$179,918 in the years ended December 31, 2010 and 2009, respectively, for advertising.

State Fair of Louisiana
Notes to Financial Statements

1. Cash

Included in cash at December 31, 2010 and 2009 are interest bearing deposits totaling \$1,105,417 and \$950,909, respectively.

2. Property and Equipment

Depreciation for financial reporting purposes is provided on the straight-line method based upon the estimated useful lives of the assets as follows: buildings - 15 to 60 years; land improvements - 10 to 75 years; equipment - 5 to 20 years.

The major classifications of property and equipment for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Buildings	\$ 6,288,267	\$ 6,200,375
Equipment	2,733,975	2,657,847
Land Improvements	1,452,728	1,418,701
Land	14,500	14,500
	10,489,470	10,291,423
Less accumulated depreciation and amortization	8,365,142	8,125,008
Net property and equipment	\$ 2,124,328	\$ 2,166,415

3. Pension Plan

The fair sponsors a defined benefit pension plan that covers all employees who have reached the age of 21 and completed 1,000 hours of employment during their initial 12 months of employment. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with the Fair and compensation rates near retirement. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future. Plan assets consist primarily of mutual funds and money market accounts.

State Fair of Louisiana
Notes to Financial Statements
(Continued)

3. Pension Plan - (continued)

The following provides a summary of the plan's funded status and amounts recognized in the Fair's financial statements at December 31, 2010 and 2009:

	2010	2009
Changes in benefit obligation:		
Benefit obligation at beginning of year	\$ 674,000	\$ 606,000
Service costs	33,000	26,000
Interest cost	42,000	40,000
Actuarial loss	40,000	26,000
Benefits paid	(26,000)	(24,000)
Benefit obligation at end of year	763,000	674,000
Changes in plan assets:		
Fair value of plan assets at beginning of year	510,000	346,000
Actual return on plan assets	66,000	113,000
Employer contributions	50,000	75,000
Benefits paid	(26,000)	(24,000)
Fair value of plan assets at end of year	600,000	510,000
Funded status	\$ (163,000)	\$ (164,000)

Items not yet recognized as a component of net periodic benefits costs which are reported as Accumulated Other Comprehensive Income as a component of fund balance are as follows:

	2010	2009
Net actuarial loss	\$ 173,000	\$ 168,000
Total	\$ 173,000	\$ 168,000

The accumulated benefit obligation for the pension plan was \$680,000 and \$628,000 as of December 31, 2010 and 2009, respectively.

State Fair of Louisiana
Notes to Financial Statements
(Continued)

3. Pension Plan - (continued)

Weighted-average assumptions used to determine benefit obligations at December 31:

	2010	2009
Discount rate	6.00%	6.50%
Expected long-term return on plan assets	7.50%	7.50%
Rate of compensation increase	2.50%	3.00%

Plan Assets

Pension Plan weight-average asset allocations at December 31, 2010 and 2009, by asset category area as follows:

	2010	2009
Equity securities	46.93%	44.71%
Debt securities	48.51%	51.64%
Cash & other	4.56%	3.65%
Total	100.00%	100.00%

Over time, the Plan's investment policy is to allocate 40% to stocks and 60% to bonds. This strategy is expected to produce a reasonable rate of investment return over the long-term commensurate with an acceptable risk level. The Fair Value of Plan Assets valued based on quoted market prices in active markets of identical assets (Level 1 inputs).

Cash Flows

Contributions. State Fair of Louisiana expects to contribute \$70,000 to its pension plan in 2011.

Estimated Future Benefit Payments. The following benefit payments, which reflect future service, as appropriate, are expected to be paid:

Year	Pension Benefits
2011	\$ 26,000
2012	26,000
2013	106,000
	(continued)

State Fair of Louisiana
Notes to Financial Statements
(Continued)

Year	Pension Benefits
2014	26,000
2015	25,000
2016-2020	358,000
Total	\$ 567,000

4. Reserve Fund

An agreement between State Fair of Louisiana and the City of Shreveport dated May 15, 1986, provides for the establishment of a Reserve Fund or Contingency Fund to provide for possible future losses and to maintain permanently, a sound financial condition of the State Fair of Louisiana. Any expenditure which reduces the fund below \$700,000 must be authorized by the Board of Directors and only for the purpose of covering incurred losses or for other emergency purposes.

5. Investments

Investments are as follows at December 31, 2010 and 2009:

	Cost	Unrealized Gains	Unrealized Losses	Estimated Market Value
<u>December 31, 2010</u>				
Short-term investments -				
Certificates of Deposits	\$ 404,658	\$ -	\$ -	\$ 404,658
Reserve-fund investments -				
Certificates of Deposits	\$ 700,000	\$ -	\$ -	\$ 700,000
<u>December 31, 2009</u>				
Short-term investments -				
Certificates of Deposits	\$ 408,456	\$ -	\$ -	\$ 408,456
Reserve-fund investments -				
Certificates of Deposits	\$ 700,000	\$ -	\$ -	\$ 700,000

State Fair of Louisiana
Notes to Financial Statements
(Continued)

5. Investments - (Continued)

All investments are invested in bank certificates of deposit. Total depository insurance coverage for these certificates of deposits is \$1,104,658.

The following summarizes investment return and its classification in the financial statements.

	2010	2009
Interest and dividend income	\$ 28,563	\$ 35,743
Unrealized (loss) on securities	-	(3,883)
	\$ 28,563	\$ 31,860

6. Commitments and Contingencies

The Fair has an employment contract effective from January 1, 2006 through December 31, 2012 with its current president and general manager.

From time to time, in the normal course of business, the Fair is involved in various matters of litigation. Management does not believe the ultimate outcome of any such matters will be material to the financial statements of the Fair.

7. Supplemental Cash Flows Information

At December 31, 2010, cash includes \$855,417 in demand deposits or short-term certificates of deposit that exceed Federal depository insurance limits.

8. Fair Market Value of Investments

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

State Fair of Louisiana
Notes to Financial Statements
(Continued)

8. Fair Market Value of Investments - (Continued)

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Fair-specific data. These unobservable assumptions reflect the Fair's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair market values of assets measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2010</u>			
Long-term investments - Certificates of Deposit	\$ 700,000	\$ -	\$ 700,000
Short-term investments - Certificates of Deposit	404,658	-	404,658
	\$ 1,104,658	\$ -	\$ 1,104,658

December 31, 2009

Long-term investments - Certificates of Deposit	\$ 700,000	\$ -	\$ 700,000
Short-term investments - Certificates of Deposit	408,456	-	408,456
	\$ 1,108,456	\$ -	\$ 1,108,456

State Fair of Louisiana
Notes to Financial Statements
(Concluded)

8. Fair Market Value of Investments - (Continued)

Fair values for certificates of deposit are determined by reference to quoted market prices of similar deposits and other relevant information generated by market transactions.

9. Subsequent Events

Management evaluated events subsequent to the Fair's most recent year end through April 27, 2011, the financial statement issuance date.